

**§ 359.5 What is the maturity period of a Series I savings bonds?**

Series I savings bonds have a total maturity period of 30 years from the issue date, consisting of an original maturity period of 20 years and an extension period of 10 years.

**§ 359.6 When may I redeem my Series I bond?**

(a) *Bonds issued on December 1, 2002, or earlier.* You may redeem your Series I savings bond issued on January 1, 2003, or earlier, at any time after six months from its issue date.

(b) Bonds issued on February 1, 2003, or thereafter. You may redeem your Series I savings bond issued on February 1, 2003, or thereafter, at any time after 12 months from its issue date.

[68 FR 2667, Jan. 17, 2003, as amended at 68 FR 7427, Feb. 14, 2003]

**§ 359.7 If I redeem a Series I savings bonds before five years after the issue date, is there an interest penalty?**

If you redeem a bond less than five years after the issue date, we will reduce the overall earning period by three months. For example, if you redeem a bond issued January 1, 2002, nine months later on October 1, 2002, the redemption value will be determined by applying the value calculation procedures and composite rate for that bond as if the redemption date were three months earlier (July 1, 2002). However, we will not reduce the redemption value of a bond subject to the three-month interest penalty below the issue price (par). This penalty does not apply to bonds redeemed five years or more after the issue date.

**§ 359.8 How does interest accrue on Series I savings bonds?**

A bond accrues interest based on both a fixed rate of return and a semiannual inflation rate. A single, annual rate called the composite rate reflects the combined effects of the fixed rate and the semiannual inflation rate. For more information, see appendix B of part 359.

**§ 359.9 When are interest rates for Series I savings bonds announced?**

(a) The Secretary will furnish fixed rates, semiannual inflation rates, and composite rates for Series I savings bonds in announcements published each May 1 and November 1.

(b) If the regularly scheduled date for the announcement is a day when the Treasury is not open for business, then the Secretary will make the announcement on the next business day. However, the effective date of the rates remains the first day of the month of the announcement.

(c) The Secretary may announce rates at any other time.

**§ 359.10 What is the fixed rate of return?**

The Secretary, or the Secretary's designee, determines the fixed rate of return. The fixed rate is established for the life of the bond. The fixed rate will always be greater than or equal to 0.00%.<sup>1</sup> The most recently announced fixed rate is only for bonds purchased during the six months following the announcement, or for any other period of time announced by the Secretary.

[73 FR 65543, Nov. 4, 1008]

**§ 359.11 What is the semiannual inflation rate?**

The index used to determine the semiannual inflation rate is the non-seasonally adjusted CPI-U (the Consumer Price Index for All Urban Consumers for the U.S. City Average for All Items, 1982-84=100) published by the Bureau of Labor Statistics of the U.S. Department of Labor. (For further information on CPI-U considerations, see appendix C to part 359 at section 1.) The semiannual inflation rate reflects the percentage change, if any, in the CPI-U over a six-month period. We announce this rate twice a year, in May

<sup>1</sup>However, the fixed rate is not a guaranteed minimum rate. The composite rate is composed of both the fixed rate and a semiannual inflation rate, which could possibly be less than the fixed rate or negative in deflationary situations. In all cases, however, the composite rate will always be greater than or equal to 0.00%.